



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

AUG 25 2008

Craig and Luann Duderstadt
722 Duderstadt Road
Yorktown, Texas 78164

RE: Proposed Uranium Mining Site in Goliad County

Dear Mr. and Mrs. Duderstadt:

Thank you for your letter of July 30, 2008, and the opportunity to read your attached letters to the Texas Commission on Environmental Quality (TCEQ) expressing your opposition to Uranium Energy Corporation's (UEC) proposal to mine uranium in Goliad County. In order to provide you the most prudent response we can at this time, I would like to first provide an overview of the authorizing process.

As you are aware, the Railroad Commission (RRC) of Texas is authorized by the State to oversee exploration activities for minerals in the State. We recognize the concern that the concentrated drilling activity conducted in prospecting for uranium can potentially affect water quality in nearby water wells. However, the Environmental Protection Agency's (EPA) underground injection control (UIC) program has no authority with respect to that exploration activity. Nevertheless, we have contacted the RRC on the matter and were told that new draft regulations are currently under consideration that will impact baseline ground water quality testing in the area to be explored. To follow through with any concerns you may have with this activity, we suggest you contact the RRC and be involved in the public participation phase of the regulatory process when it occurs.

With respect to permitting the mining activity, TCEQ is authorized by EPA to administer the UIC program for uranium mining in the State. EPA retains oversight of TCEQ's UIC program. That oversight responsibility does not include authority to deny individual permits issued by the State. However, EPA does retain authority to approve or deny any aquifer exemption the State may submit for approval. Submission of an exemption request to EPA, should the State choose to do so, occurs near the end of the State's permitting process. This allows the State to combine the required public participation process for the exemption with that of the permit, which in this case is currently in progress. EPA has not yet received a formal application for aquifer exemption and we do not expect one in the near future.

We have, however, received numerous letters from concerned citizens informing us that there are many who rely on the ground water aquifer and a significant number who reside near the proposed mining operation. We are alert to this fact and although it is premature for formal involvement by EPA, we have made contact with the State and subsequently UEC to gain an informal insight into the proposal.

The criteria for an aquifer to qualify for exemption may be found in Title 40 of the Code of Federal Regulations (40 CFR) Subpart 146.4. The first criterion requires that the aquifer (or portion thereof) to be exempted does not currently serve as a source of drinking water (40 CFR 146.4 (a)). This criterion must be met to achieve EPA approval of any exemption application by the State. How or if this criterion can be met in this case is a significant question that has been conveyed to TCEQ by EPA at an informal level. That said, at this time EPA cannot provide any judgments or determinations regarding the aquifer's qualification for exemption.

I hope you find this information useful. If you have any questions regarding this matter please contact Mr. Larry Wright, Associate Director for Drinking Water and Ground Water Protection at (214) 665-7150. Thank you.

Sincerely yours,



Miguel I. Flores

Director

 Water Quality Protection Division

cc: Katherine Nelson (TCEQ)